

Market Commentary

Recap: Oil futures rallied on Monday, with WTI settling at its highest level since 2014, after OPEC and its allies maintained its current agreement to gradually raise crude oil production each month. The agreement to "gradually" raise production comes at a time when demand appears set to make a full recovery by 2022. On Monday, the Organization of the Petroleum Exporting Countries and its allies, known collectively as OPEC+, reaffirmed its July decision and will raise overall oil production monthly by 400,000 barrels a day in November. At the July meeting, OPEC+ said it would raise its overall production by 400,000 barrels a day starting in August until it fully phased out the production cuts it put in place last year. November West Texas Intermediate crude climbed by \$1.74, or 2.3%, to settle at \$77.62 a barrel on the New York Mercantile Exchange, with front-month prices ending at their highest since Nov. 11, 2014, according to Dow Jones Market Data. December Brent added \$1.98 or 2.5%, to settle at \$81.26 a barrel – the highest finish since Oct. 16, 2018. November RBOB climbed by 2.6% to \$2.309 a gallon, the highest front-month finish since Aug. 30. November heating oil tacked on 2.3% to \$2.437 a gallon, marking the highest settlement since Oct. 2018.

Technical Analysis: Over the past couple of weeks, demand for natural gas has shifted to demand for crude oil, as crude is relatively more competitive. This combined with a boost in demand and OPEC+'s decision to rollover the output cuts has boosted WTI to its highest level in seven years. There is concern that the decision by the cartel and its allies to "slowly" bring back production will not be enough to keep up with the increase in demand. Should this occur, there is the possibility that OPEC+ will decide to increase output to meet the global shortage, as they are set to meet once a month. Right now, WTI is testing the \$78 level, if we get a clear break above this level; \$80 is on the horizon. That being said, crude oil is quite bullish, and given this scenario, we would look to buy this market on dips. Support is seen at \$75 and below that at \$73.14.

Fundamental News: OPEC+ sources said an OPEC+ ministerial panel has recommended that the oil producing group stick to an existing pact to increase oil output by 400,000 bpd in November, despite consumer calls for more oil and cheaper crude. OPEC+ ministers will meet again on November 4th. OPEC+ producers have been under pressure from big consumers, such as the U.S. and India, to add extra supplies amid an increase in oil prices.

The head of the International Energy Agency, Fatih Birol, said that current volatility in energy markets, which has brought huge spikes in natural gas prices, has nothing to do with the world's transition away from fossil fuels. He said high prices were more a result of weather patterns and maintenance outages that had been postponed during the COVID-19 pandemic. It sees oil prices softening in the coming months.

Vitol's CEO Russell Hardy said the company expects the price of oil to have fallen to about \$75/barrel by this time next year. He told the Energy Intelligence Forum he expects oil demand levels to return to pre-pandemic levels by the summer of 2022. He said "we are 2.5-3 million bpd behind 2019 oil demand levels, the vast bulk of that is jet fuel".

According to Bloomberg, European gasoline arrivals in the U.S. increased by 42% to an eight month week high in the week ending September 30th. Total gasoline arrivals in the U.S. increased to 443,000 bpd, the highest since the week ending August 5th. It is up from 313,000 bpd in the previous week. Eleven tankers discharged a total of 2.97 million barrels on the East Coast and one arrived with 128,000 barrels on the Gulf Coast. The U.S. received 684,000 barrels of diesel from Europe during the week, up from 643,000 barrels in the previous week.

The head of energy research at Goldman Sachs Group, Damien Courvalin, said he sees an extra 650,000 bpd of crude demand later this year as utilities dealing with high natural gas prices switch to oil.

Early Market Call - as of 8:30 AM EDT

WTI - Nov \$78.66 UP \$1.06

RBOB - Nov \$2.3437 UP 0.352 CENTS

HO - Nov \$2.4810 UP 0.441 CENTS

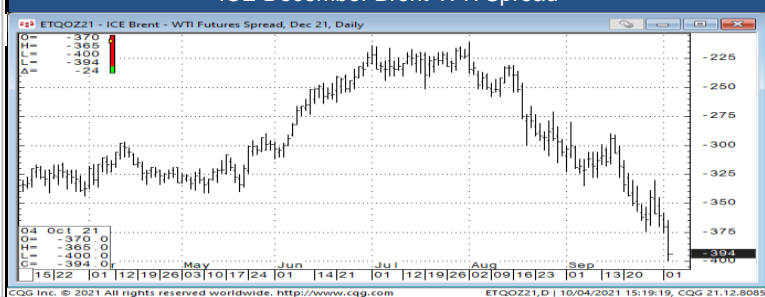
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	2.4366	0.0539	0.1435
Dec-21	2.4303	0.0548	0.1424
Jan-22	2.4201	0.0549	0.1412
Feb-22	2.4031	0.0547	0.1399
Mar-22	2.3803	0.0541	0.1376
Apr-22	2.355	0.0529	0.1346
May-22	2.3375	0.0518	0.1329
Jun-22	2.324	0.0509	0.1321
Jul-22	2.3167	0.0499	0.1314
Aug-22	2.3113	0.049	0.1309
Sep-22	2.3076	0.0484	0.1272
Oct-22	2.3047	0.0481	0.13
Nov-22	2.301	0.048	0.1293
Dec-22	2.296	0.0479	0.1286
Jan-23	2.2907	0.0475	0.1286
Feb-23	2.2795	0.0467	0.1277
Mar-23	2.2636	0.046	0.1255

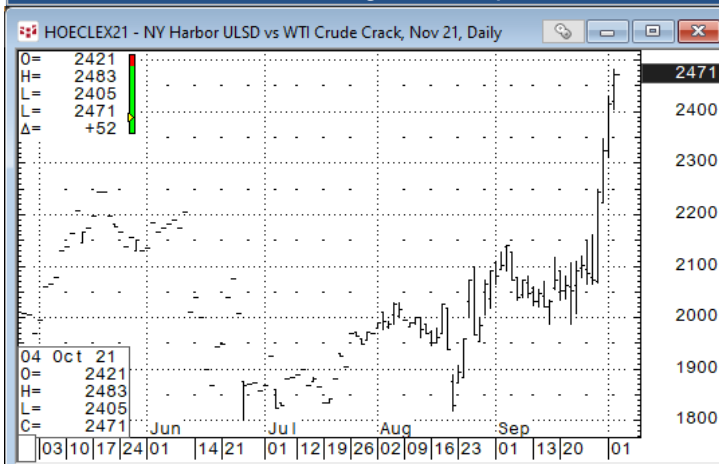
Settlements

		Close	Change
Crude - WTI	Dec Brent-WTI Spread \$3.93	\$77.3300	\$1.7500
Crude - Brent		\$81.2600	\$1.9800
Natural Gas		\$5.7660	\$0.1470
Gasoline		\$2.3085	\$0.0585

ICE December Brent-WTI Spread



November Heating Crack Spread



November RBOB Crack Spread

